

**ASSEMBLY BILL**

**No. 1357**

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**Introduced by Assembly Member Coto**  
**(Coauthor: Assembly Member Torres)**  
(Coauthors: Senators Harman and Walters)

February 27, 2009

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An act to amend Section 21200 of the Financial Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1357, as introduced, Coto. Pawnbrokers.

Existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding 2.5 % per month on that portion of the unpaid principal balance of any loan up to, including, but not in excess of \$225. For other loan amounts, existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding specified amounts based upon the unpaid principal balance of the loan. A knowing violation of the laws regulating pawnbrokers is a crime.

This bill would revise these limits on pawnbroker compensation and would instead prohibit a pawnbroker from charging or receiving compensation at a rate exceeding 2.5% per month on the unpaid principal balance of any loan.

Because a knowing violation of this bill's provisions would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 21200 of the Financial Code is amended  
2 to read:

3 21200. (a) Except as otherwise provided in this chapter, no  
4 pawnbroker shall charge or receive compensation at a rate  
5 exceeding the sum of the following:

6 (1) Two and one-half percent per month on ~~that portion of the~~  
7 ~~unpaid principal balance of any loan up to, including, but not in~~  
8 ~~excess of two hundred twenty-five dollars (\$225).~~

9 ~~(2) Two percent per month on that portion of the unpaid~~  
10 ~~principal balance of the loan in excess of two hundred twenty-five~~  
11 ~~dollars (\$225) up to, including, but not exceeding nine hundred~~  
12 ~~dollars (\$900).~~

13 ~~(3) One and one-half percent per month on that part of the~~  
14 ~~unpaid principal balance in excess of nine hundred dollars (\$900)~~  
15 ~~up to and including, but not in excess of, one thousand six hundred~~  
16 ~~fifty dollars (\$1,650).~~

17 ~~(4) One percent per month on any remainder of the unpaid~~  
18 ~~principal balance in excess of one thousand six hundred fifty dollars~~  
19 ~~(\$1,650).~~

20 ~~(5)~~

21 (2) A charge not exceeding three dollars (\$3) a month on any  
22 loan when the monthly charge permitted by this section would  
23 otherwise be less than that minimum charge.

24 (b) One month's interest may be charged for any part of the  
25 month in which pawned property is redeemed.

26 SEC. 2. No reimbursement is required by this act pursuant to  
27 Section 6 of Article XIII B of the California Constitution because  
28 the only costs that may be incurred by a local agency or school  
29 district will be incurred because this act creates a new crime or  
30 infraction, eliminates a crime or infraction, or changes the penalty  
31 for a crime or infraction, within the meaning of Section 17556 of  
32 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California  
2 Constitution.

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